

Problems and Countermeasures of Financial Reporting Accounting Information Disclosure under the Background of Global Convergence of Accounting Standards

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Abstract: Accounting information disclosure refers to the information about financial status, business performance or development prospect released by enterprises. At present, the accounting information disclosed by some listed companies has some problems such as omission, falsehood and lag, which seriously affects the effective operation of the securities market. Under this background, the global convergence of global accounting standards may have a significant impact on China, so we should study and determine the countermeasures and strategies for the global convergence of accounting standards in China. From the perspective of game theory, the author analyzes the accounting information disclosure behavior of enterprises and the government supervision behavior, explains how the enterprises and the government choose their own behavior strategies and interaction mechanism, points out the importance of supervision system arrangement, and seeks effective supervision measures.

1. Introduction

With the continuous improvement and development of the socialist market economy, the whole social, economic and legal environment has become standardized, and users of accounting information have become increasingly dependent on accounting information. Therefore, a good operating mechanism of accounting information disclosure in enterprise financial reports plays an important and positive role in the long-term healthy development of enterprises [1]. Whether the accounting information disclosure of listed companies can be reliable, accurate, comprehensive and timely is directly related to the interests of investors, the rational allocation of social resources and the healthy and orderly operation of the securities market. However, the current disclosure system of listed companies in China is not perfect and standardized, and the quality of accounting information disclosure is worrying, and there are still many problems to be solved urgently [2].

With the development of world economic integration, internationalization of investment and internationalization of production factor flow, the understanding and comparability of accounting

information in various countries become more and more important. This paper studies the problems and countermeasures of accounting information disclosure of listed companies in China from the perspective of global convergence of accounting standards, analyzes the existing problems and causes, and puts forward relevant countermeasures.

2. Global Convergence of Accounting Standards

Convergence is not simply to make the accounting standards of a certain country or region unilaterally close to the international financial reporting standards, but to gradually achieve a unified process through mutual communication, mutual reference and mutual recognition between the accounting standards-setting institutions and the International Accounting Standards Board in the whole accounting standards-setting process [3].

At present, there are two kinds of international financial reporting standards (IFRS) adopted by countries all over the world: full adoption and partial adoption. Completely adopting the model means completely copying IFRS without making any changes to IFRS, including Hong Kong, Australia, New Zealand and other countries. However, some countries or regions have not completely adopted IFRS, but adopted the revised IFRS, including China, the European Union, Singapore and other countries. Although these countries or regions have declared substantial convergence with IFRS.

After 2005, the European Union began to force listed companies in its member countries to prepare consolidated financial statements according to IFRS. However, the European Union did not fully adopt IFRS, but revised some clauses. From the above, it can be seen that the different adoption of IFRS model in different countries or regions will have a certain impact on the international convergence of accounting standards.

3. Problems in Accounting Information Disclosure of Listed Companies

3.1 There Are Problems in the Accounting Information Disclosure Mechanism of Financial Reports

Some listed companies often resort to manipulation, fraud and disclosure of untrue accounting information in order to achieve the purposes of listing their shares, affecting the market price of shares, evaluating their management performance or facilitating fund raising. With the concept of market economy and knowledge economy deeply rooted in people's hearts, investors not only require that accounting statements should be operated, but also have background and forward-looking [4]. Through this information, investors can predict the development status of enterprises, predict the development potential of enterprises, judge their future earnings and determine their own investment decisions. Current financial reports only focus on traditional factors such as cash flow of operating results, while some emerging factors are not included in the disclosure scope.

3.2 Inconsistent with International Accounting Standards

At present, there is still a long way to go between China's general accounting standards and international accounting standards. Except that the standards themselves have not formed a system, which can not meet the needs of listed companies, when dealing with inventory, depreciation, accounts receivable and other businesses according to domestic standards and systems, it is common to underestimate inventory depreciation losses, depreciation expenses, bad debt loss and other phenomena compared with international standards. As a result, Chinese domestic enterprises are faced with the problem of adjusting the items and contents of relevant accounting subjects and

financial statements when they go public abroad, which is difficult for foreign investors to understand and trust. This hinders the financing of Chinese enterprises in the international capital market to a certain extent.

3.3 The Credibility of Accounting Information Disclosure in Financial Reports of Listed Companies in China is Low

According to the Accounting Standards for Business Enterprises, the accounting information provided by listed companies should be true and reliable, and can withstand verification. However, some listed companies provide false accounting information. For example, in the Cash Flow Statement, the use of funds is vague; Some companies only publish brief reports and audit reports when publishing annual reports; When some listed companies go public, they describe the prospect of the company in the prospectus and listing announcement, but less than half a year after listing, the earnings per share in the interim report is only a few percent, even negative.

3.4 Pay Too Much Attention to the Disclosure of Monetary Accounting Information

In the current financial reporting process, monetary measurement can cover up the fact that monetary measurement cannot be used in the business process in the report. Besides, there are many factors in enterprises that are calculated by non-monetary amount, such as the quality of enterprise managers, the team spirit of employees and the creativity of enterprises mentioned earlier, but these are very valuable factors. These are very important in the development of enterprises [5].

4. Game Analysis in Accounting Information Disclosure of Financial Report

4.1 Construction of Game Model

Assuming that the probability of government supervision is $p, p \in [0,1]$, the probability of unsupervised is $1-p$; If the probability of the operator violating the rules is $q, q \in [0,1]$, the probability of not violating the rules is $1-q$; C is the supervision cost, a is the loss brought by the operator's violation to the supervisor, F is the fine income, M is the profit of the operator's violation, and N is the loss of the operator's violation. The game between the operators of listed companies and the government can be expressed by the following mixed strategic matrix, as shown in Table 1.

Table 1 Mixed Strategic Game Matrix of Government and Operators

Subject	Violation	Do not violate regulations
Supervision	$-C - a + F, M - N$	$-C, 0$
Unsupervised	$-a, M$	$0, 0$

Given a q , the expected benefits of government departments choosing supervision and unsupervised are:

$$\Pi(1, q) = (-C - a + F)q + (-C)(1 - q) = -aq + Fq - C \quad (1)$$

$$\Pi(0, q) = -aq + 0(1 - q) = -aq \quad (2)$$

Solve $\Pi(1, q) = \Pi(0, q)$ and get $q = C / F$. That is:

(1) If the probability of violation by operators is less than C / F , the best choice for government

departments is not to supervise; If the operator's violation probability is greater than C/F , the best choice for government departments is supervision;

(2) If the probability of the operator violating the rules is equal to C/F , the government departments randomly choose to supervise or not supervise.

Given a P , the expected returns of operators who choose to violate regulations and those who do not violate regulations are:

$$\Pi(p,1) = (M - N)p + M(1 - p) = -Np + M \quad (3)$$

$$\Pi(p,0) = 0p + 0(1 - p) = 0 \quad (4)$$

Solve $\Pi(p,1) = \Pi(p,0)$ and get $p = M/N$. That is:

(1) If the probability of government supervision is less than M/N , the operator's optimal choice is violation;

(2) If the probability of government supervision is greater than M/N , the best choice for operators is not to violate regulations;

(3) If the probability of government supervision is equal to M/N , the operator randomly chooses to violate the rules or not.

The Nash equilibrium of the mixed strategic game matrix between the operator and the government is:

$$q = C/F, p = M/N \quad (5)$$

That is, the operator chooses to violate regulations with the probability of C/F , and the government chooses to supervise with the probability of $p = M/N$. Nash equilibrium of supervision game is related to supervision cost C , penalty income F , operator's violation income M , violation loss N and loss a brought to supervisor.

4.2 Analysis and Conclusion

According to the above model, the following conclusions can be drawn:

(1) It can be seen from $q = C/F$ that under the condition that the supervision cost C of the government supervision department is certain, raising the fine f for violating the rules can reduce the probability q of violating the rules of the operators. therefore, increasing the punishment for information disclosure of listed companies can reduce the probability of disclosing false accounting information of listed companies.

(2) It can be inferred from $p = M/N$ that the greater the profit M of the operator's violation, the greater the probability of supervision by the government department. the reason is that if the listed company fraudulently obtains more financing or gains more huge profits through the disclosure of false financial reports and accounting information, it will cause huge losses to the majority of investors. the fundamental purpose of securities supervision is to protect the interests of the majority of investors. therefore, in this case, the securities supervision department will inevitably increase the supervision of the operators.

(3) Seeking a solution to the rent-seeking phenomenon, that is, designing a system, or increasing the cost of rent-seeking, making the rent-seekers unprofitable; Or to reduce or eliminate the improper income, so that the unruly people lack the illegal motive. Therefore, we should strengthen and perfect the system construction of accounting supervision, which is of great significance to the accounting supervision of listed companies.

5. Effective Countermeasures to Standardize Accounting Information Disclosure of Financial Reports of Listed Companies

5.1 Improve the Corporate Governance Structure

Through rational design of incentive mechanism, the enthusiasm of management can be stimulated to the maximum extent, so as to alleviate the moral hazard problem. At the same time, we should strengthen the construction of the internal governance structure of the company and establish an internal restraint mechanism to effectively prevent the operators from damaging the interests of investors through false, misleading or missing information disclosure, and the major shareholders of the company from using the monopoly advantage of information to infringe on the interests of small and medium shareholders. It is necessary to implement the rights of shareholders so that the board of directors is effectively restricted by the general meeting of shareholders; It is necessary to solve the market circulation problem of state-owned shares and legal person shares, improve the articles of association, and clearly define the authority of shareholders' meeting, board of directors, board of supervisors and managers.

5.2 Strengthen the Sufficiency of the Game Process

China's accounting system formulation lacks a full game process in both space and time. Institutional economics assumes that individuals only have limited rationality, and each individual can maximize their own utility within the limited scope permitted by the system on which they depend. That is, different individuals seek to maximize their own interests, resulting in the collection of individual optimal behavior solutions is the rule, and the collection of rules is the system [6]. The ideal accounting system should give full consideration to the interests of all parties, and become a self-disciplined behavior of all parties in the game. Anyone who wants to benefit by violating the system will be punished more from other aspects, and thus lose more than gain.

5.3 Capacity Building of Accountants in the Process of Global Convergence of Accounting Standards

China's accounting standards are formulated in a rule-oriented manner, and specific accounting treatment methods are directly stipulated in the process of formulating accounting standards, including the whole process of setting up accounting accounts, compiling accounting entries, accounting statements and accounting bookkeeping. Therefore, it takes time for accounting personnel of Chinese enterprises to adapt to the IFRS system formulated in a principle-oriented manner.

It is necessary to strengthen the capacity-building of the executives of China's enterprise accounting standards, encourage them to actively feedback the problems they face in the process of implementing enterprise accounting standards, and strengthen communication with the formulation and supervision institutions of enterprise accounting standards, so as to meet the new requirements of enterprise accounting personnel under the market economy. We can stimulate the participation enthusiasm of accounting standard executors from the aspects of the formulation of domestic accounting standards and regulatory agencies.

From the overall level, the standard-setting institutions and regulatory agencies can investigate and study the problems faced by accountants in the process of implementing the new accounting standards for enterprises, publish the investigation results and feedback opinions in time, and punish the behaviors that do not implement or do not want to implement the requirements of the accounting standards for enterprises, so as to stimulate the accounting standards implementers to improve their

own abilities and express their opinions, and promote the Chinese accounting standards for enterprises to be recognized by the world as soon as possible and truly reach the international level [7].

5.4 Establish a Perfect System of Supervision and Supervision

In order to improve the authenticity and reliability of accounting information in financial reports, it is necessary to strengthen the supervision of accounting information and give full play to its due role. For the disclosure management of accounting information in financial reports, it is necessary to strengthen legal norms, increase penalties, and conduct legal education for managers and employees of enterprises; To strengthen the implementation of the enterprise responsibility system, the relevant parts should fulfill the role of supervision, and carry out regular and irregular accounting information verification work.

From the government's point of view, enterprises can let the government get more information about the development of enterprises by disclosing their social responsibilities, so as to strengthen the guidance of enterprise development and avoid the phenomenon of endangering society. From the investor's point of view, disclosing social responsibility can help enterprises predict and analyze their business prospects and make scientific investment decisions. Therefore, the disclosure of corporate responsibility and contribution information in corporate financial reports can urge enterprises to make better scientific investment and predict the future development prospects.

6. Conclusion

Financial report is the main means of accounting information disclosure in financial reports. The development of enterprises can not be separated from the unification of various benefits with the outside world, and the social, environmental and ecological benefits of economic activities of enterprises should always be considered. The fundamental reason for the global convergence of accounting standards in China is the globalization trend of economy and capital. As the beneficiary of economic and capital globalization, the accounting information reflected in the financial reports prepared according to the Accounting Standards for Business Enterprises also needs internationalization. It should be China's choice to actively participate in the formulation and revision of IFRS and implement IFRS. Although the trend of supervision mainly depends on the market mechanism, in the current immature capital market situation in China, a relatively perfect legal system and a strong supervision mechanism are needed for a long time to restrain the fraudulent behavior of listed companies and improve the supervision level by introducing new laws and regulations.

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